

DFC
NOTED
SDB

8 August 1974

MEMORANDUM FOR THE RECORD

SUBJECT: Application of EO 11222 to Solicitation of Various
Companies for EAF

1. The IG spoke with the DCI this morning about the attached papers and the question they raise. The Director does want an inquiry made of (1) the procedures now in practice for raising money, and those employed in the former solicitations, (2) how much money was raised through those solicitations, and (3) what benefits may have been received by or available to those who carried out the solicitations. In this latter category, the Director does not feel it necessary to inquire about Mr. McCone, Mr. Houston, Mr. Bross, etc.

2. In the light of the OGC opinion, attention should also be given the question of such benefits as can be shown to have, or may have, accrued to the donors as a result of their donations.

3. [] made available a file on this subject earlier, and this would be the best place to start. It is my understanding that the earlier practice of soliciting large companies has been ended, although this should be verified. [] will have the records on who made the solicitations, possibly including the form they took, and what the results were. When we have all this information it should be checked out against DDM&S, DDS&T, and other contract records to see if any correlation can be made that is meaningful.

4. When we have gathered our information and evaluated it, a report of findings can be prepared, along with any recommendations that seem appropriate.

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S. D. Breckinridge

Attachment a/s

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MEMORANDUM FOR: JFC

An OGC recommendation that OIG investigate previous solicitation of contractors for EAF gifts. You will recall our raising the question.

Para 8 suggests that the practice was illegal, altho the language is fuzzy: (1) Solicitation of any gift is illegal, if the person solicited has a contract or seeks one; (2) It is just as wrong to give preferential treatment as it is to appear to do so.

I doubt that anyone profited, or was really in a position to do so, but it would be very hard to prove one way or another. And it would be hard to show that the Agency "conscientiously" (consciously?) bestowed benefits on the donor because of the gifts. Whatever the difficulty of our investigating it at present, if I read the OGC memo correctly, it was illegal on the face of it.

(DATE)

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Date

~~BRECKINRIDGE~~

CHAMBERLAIN

The attached from OGC [] to OIG (attn me) is re the matter of soliciting outside individuals for contributions to the Agency's EAF. This matter came up in the Agency File Review. Page 5 of attached says OGC "would urge and recommend" that OIG investigate to determine whether those making the solicitations were in a position "to personally profit," and whether the Agency "conscientiously bestowed benefits on those who contributed as opposed to those who did not." --In effect such an investigation would test the assumptions (see para 2 and beginning of para 3 of attached) on which [] study is based. --Re para 8 of attached, there would appear to have been already a violation of "spirit" or "intent" of E. O. 11222.

From:

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Return to:

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I agree with the OGC recommendation. This would not be a simple matter. Guidance requested if action by me is desired.

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